(c) Government has laid down route dispersal guidelines with a view to achieve better regulation of air transport services taking into account the need for air transport services of different regions of the country including North-East region. It is, however, up to the airlines to provide air services to specific places depending upon the traffic demand and commercial viability subject to compliance of Route Dispersal Guidelines issued by Government.

Cancellation of licences of Co-operative Banks

†2689. SHRI ABANI ROY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether RBI has urged more powers to supersede boards of erring co-operative banks and also to cancel their licences;

(b) if so, the reaction of the Union Government in this regard;

(c) whether Government would ensure and implement strict norms for co-operative banks to check their fraudulent involvement/deals; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) No, Sir. Reserve Bank of India (RBI) presently has the powers to refuse issue of licences (in the case of co-operative banks whose applications are pending with it) and also cancel licenses, under Section 22 of Banking Regulation Act, 1949 (As Applicable to Co-operative Societies). RBI also has powers in terms of Section 13D of the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act read with State Co-operative Societies Acts of various States to ask the Registrar of Co-operatives of the concerned State Government to supersede the Board of a co-operative bank, if that bank is an eligible cooperative bank to get insurance coverage in terms of DICGC Act.

(c) and (d) RBI reviews the system of regulation and supervision of urban cooperative banks (UCBs) and has taken a series of measures to correct the systemic deficiencies and to strengthen the system of regulation and supervision of urban cooperative banks. These measures

†Original notice of the question was received in Hindi.

inter-alia include putting ceiling on operations in call money market and bank finance against shares and debentures, increase in percentage of SLR investments in Government Securities, restrictions on interest rates on deposits offered by UCBs and investment funds as deposit with other UCBs, etc.

Centre for Corporate Excellence in Karnataka

2690. DR. VIJAY MALLYA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the State Government of Karnataka has approached Central Government for setting up a "Centre for Corporate Excellence" in Karnataka;

(b) if so, what is the present stage of consideration of this proposal; and

(c) by when a final decision is expected to be taken in this regard and communicated to the State Government?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) Yes, Sir.

(b) and (c) This will be decided after a final policy view is taken in the matter.

Seizure of defaulters' assets

2691. SHRI RAMA MUNI REDDY SIRIGIREDDY:
SHRI K. RAMA MOHANA RAO:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that recently the Supreme Court has given its verdict saying that the lenders can now seize the assets of the defaulters but cannot sell them;

(b) if so, whether it would affect the recovery of NPA;

(c) whether the verdict dilute the interim bargaining power of banks; and